

BUDGET PRIORITIES

Maintain a Stable Property Tax Rate

The FY 06-07 Adopted Budget is balanced with a tax rate of 61.50 cents. This is 4.75 cents higher than the adopted rate for FY 05-06. Although this represents an 8% increase in the property tax rate, the increase is mostly tied to costs associated with the opening of new facilities, expansion of services and other identified cost increases associated with current service levels. The opening of the Refuse Transfer Station and increased debt service costs associated with bonds passed in 2000 account over two cents of the tax rate increase.

The Transit portion of the property tax is increasing one and one half cents to provide expanded fixed route service and help cover increased fuel and specialized transportation service costs. Other major cost increases include the opening of Willow Road Fire Station and the addition of thirty two Police patrol positions.

The equivalent of approximately 0.74 cents General Fund support for the Nussbaum Housing Partnership Fund is also included.

Provide Basic City Services and Programs

The FY 06-07 Budget focuses on basic City services and programs with the planned opening of major Fire and Solid Waste Facilities during both FY 06-07 and FY 07-08 and the addition of Police Patrol positions. This budget continues to provide sufficient resources for Water and Sewer debt service and includes a significant increase in funding for pay-as-you-go (non debt) capital financing.

Develop New Revenue Sources for New Services or Programs

Additional capital and system capacity needs in the Water Resources Fund, which are being funded through revenue bonds sold in 2001, 2003 and 2005, are being supported by present (and future) increases in the water and wastewater rates. The budget also continues the increased use of non-resident fees instituted in FY 04-05 to recoup a portion of the direct costs associated with various Parks and Recreation programs.

Enhance City Financial Condition and Continue Fund Balance Policies

The budget provides continued support for the existing Fund Balance Policy in an effort to maintain adequate reserves and the highest ("AAA") Bond Rating. The FY 06-07 Adopted Budget and the FY 07-08 Projected Budget are based on maintaining Unappropriated Fund Balance in the General Fund at nine percent of the General Fund Budget.

Maintain Enterprise Funds with User Fees

User fee increases are included for the City's primary enterprise fund, the Water Resources Fund. The Fund has borrowed \$220 million since 1995 in support of a comprehensive capital improvement program. A tiered fee structure for stormwater services was made effective on January 1, 2004. The new structure is generating additional revenue on an annual basis and will provide the necessary debt service support to allow for future Stormwater Management capital project programming.

Continue Productivity Improvements

The City has now placed six "hybrid" vehicles in the fleet. As vehicles become due for replacement, the viability of hybrids will continue to be examined.

Solid Waste Collections, Transportation Street Maintenance and Parks and Recreation mowing and landscape maintenance have been combined into the new Field Services Department. This new department will look for ways to more efficiently deploy resources for these significant field services.

The Coliseum is now in the third year of a successful third party contract arrangement for operating the Coliseum Concessions, Catering and Merchandising operations, made effective in December, 2003.

Provide Adequate Employee Compensation

The FY 06-07 Budget provides for average merit adjustments of 2.5%, with specific salary increases based on performance. Funds are also budgeted to provide market adjustments for some specific positions that are below market and to provide for supplemental pay for specific duties and/or educational accomplishments. Much of the market adjustment and supplemental pay effort is centered in the public safety area, including Police, Fire and Guilford Metro 911.

COUNCIL SERVICE PRIORITIES

The following Strategic Priorities have been previously adopted by City Council. The strategic priorities and budget objectives provide the primary basis for budget recommendations included in this budget document and are reflected in the key performance objectives sections throughout the document.

Economic Development

The City Council adopted a comprehensive plan in 2003 that serves as a guide to land use decisions. During the current year the staff hopes to complete an agreement with the County that synchronizes the City's water and sewer extension policy and the comprehensive plan into a cohesive package that will stimulate economic growth.

The City has begun working on a redevelopment plan for the South Elm Street area. The South Elm "core area" covers ten acres, bounded by Lee Street, Arlington Street, McCulloch Street and the Norfolk Southern rail line. Such infill and brownfield redevelopment projects are supported by the City's comprehensive plan.

This budget includes continued funding to assist a variety of economic development activities throughout the community, including funding for the Greensboro Economic Development Partnership and operating subsidies for Downtown Greensboro, Inc. and East Market Street Development Corporation. In addition, a portion of the proposed 2006 bond referendum will include funding for economic development site preparation.

Public Safety

The budget assumes the opening of the Willow Road Fire Station during FY 06-07 and the opening of the Painter Boulevard Fire Station during FY 07-08. The annual operating costs for both stations are about \$1.1 million each. Depending upon the outcome of the 2006 bond referendum, future budgets will include the opening of new stations in the Old Randleman Road, South Elm Eugene Street and Reedy Fork areas.

The budget adds thirty two Police Patrol positions, to be hired in March 2007, with the full budget impact to be included in the FY 07-08 budget. The budget continues funding for the full implementation of the Police Career Advancement Program, also referred to as the Senior Police Officer Program.

This program was initiated late in FY 04-05 and provides enhanced career earnings potential for fully

experienced journey level officers operating in a non-supervisory role. Additional funding is provided for market adjustments for selected public safety positions, such as 911 operators and crime scene investigation positions. Supplemental pay is also being budgeted for a variety of specific actions such as educational incentives for police and fire.

Natural Resources/Growth Management

In May, 2003, City Council adopted the City Connections 2025 Plan, a comprehensive plan for future land use and development for Greensboro.

Staff continues to implement the various land development policies outlined in the plan. This budget includes funding to facilitate the re-development of land use ordinances to further implement the comprehensive plan.

The City will open a Refuse Transfer Station in early FY 06-07 in an industrialized section of west Greensboro, allowing the City to remove municipal solid waste from the White Street Landfill.

Since 1995, the City has sold water and sewer revenue bonds totaling \$220,000,000 to fund a long range capital improvements program designed to improve and enhance the City's water and wastewater capacity. Construction will begin in FY 06-07 on the North Buffalo Transfer Station, Force Main and Sewer Outfall projects. As a tandem, these projects will provide the necessary capacity for the North Buffalo Treatment Plant as part of the overall effort to mitigate sewer overflows in the Latham Park area. Total cost for these projects will be approximately \$40 million.

Water service rates will increase by about 8% on an annualized basis, effective January 1, 2007, to help offset debt service costs associated with these revenue bonds.

Maintenance of City Facilities and Assets

The City continues to evaluate its infrastructure and facilities and explore all funding options to maintain safe and efficient facilities. Upgrades to the Fleet Maintenance Facility, located at The Medford Service Center, should be completed by the end of the summer 2006. The budget includes funds for facility maintenance efforts at the Coliseum and for the downtown parking decks.

The City continues to have difficulty budgeting funds



for significant pay-as-you-go maintenance efforts. Therefore, staff has recommended placement of an item on the 2006 bond referendum to provide funding for major maintenance items. If these funds are approved by the citizens, the City will embark on a variety of projects designed to lengthen the useful life of various city facilities and improve their energy efficiency.

Community Relations

The Library Department continues to serve as a major catalyst for programs and activities aiming to improve organization/community relationships. The Library has developed a series of workshops called the "Chavis Roundtable" for neighborhoods in the Southeast area of the city. Through the Latino Poetry Project, sponsored by the Library, the City has increased opportunities to become more familiar with Latino literature and culture. Also, The Library's One City, One Book project has community building as one of the primary goals for the project. Over 10,000 citizens from all neighborhoods participate in this month-long, City-wide reading experience.

The City's Contact Center has answered over 200,000 calls and is now stepping up its advertising of assistance to Spanish-speaking residents. In addition, the City's web site has been revamped to be completely accessible to the disabled, for which it has won an award from the Mayor's Committee on the Disabled.

Most City departments have representatives on an "outreach" committee, which is designed to maximize both efficiency and effectiveness of various departmental community relations initiatives and to leverage resources in this area. The City Academy continues to receive rave reviews and national recognition. Channel 13 has adjusted its bulletin board to provide voice-overs of critical information for the blind and has produced educational programs on Greensboro's culture, laws, and resources.

Neighborhood Planning activities also continue to expand in the City of Greensboro. In November 2005, the City Council adopted the Cedar Street/Bellemeade Area Strategic Plan, the

culmination of a six month planning process with the residents and property owners in the area.

City staff and neighborhood leaders continue working together on the implementation of two previously adopted plans: The Lindley Park Neighborhood Plan and the Charles B. Aycock Strategic Neighborhood Plan. In Lindley Park, residents worked closely with GDOT staff on determining needed improvements to the Spring Garden Street corridor. Sidewalk improvements, bike lanes and on street parking designations will be completed by late summer 2006. The Spring Garden Pedestrian Overlay zoning district will be presented to City Council in July or August 2006. The Charles B. Aycock Neighborhood together with staff initiated the Summit Avenue Corridor Study, anticipated for presentation to City Council in the summer 2006.

Sound Fiscal Management

The City continues to explore the use of hybrid vehicles as an efficient response to higher fuel prices. Six hybrid vehicles are currently in the fleet. As other vehicles become scheduled for replacement, the use of hybrid vehicles will be evaluated.

The City continues to search for appropriate public/private partnerships to provide efficient service to the community. The City is now in its third year of private management experience for the Coliseum Concessions, Catering and Merchandising operations. Of the eighty separate locations managed by the Parks and Recreation Landscape Maintenance Section, sixty-five are maintained through a private contract. The City now contracts for the storage and resale of abandoned vehicles, eliminating the need for costly warehouse space.

Solid Waste Collections, Transportation Street Maintenance and Parks and Recreation mowing and landscape maintenance have been combined into the new Field Services Department. This new department will look for ways to more efficiently deploy resources for these significant field services.

BUDGET FINANCIAL POLICIES

The City of Greensboro's financial policies serve as the basis for the overall fiscal management of the City's resources. These policies guide City Council and Administration in making sound financial decisions and in maintaining Greensboro's fiscal stability.

Many of the policies outlined here are derivatives of the Local Government Budget and Fiscal Control Act. Other policies were developed by the City to address specific financial issues in Greensboro. These policies are reviewed annually and are updated as needed.

Listed below are financial policies which are specifically related to the adoption and execution of the annual operating budget:

Operating Budget

1. The City of Greensboro will prepare a two year planning budget, with the first year submitted to City Council for legal adoption and the second year submitted as a planning document to assist with long-range financial planning efforts.

2. In accordance with the Local Government Budget and Fiscal Control Act, the City shall operate under an annual balanced budget ordinance in which the sum of net revenues and appropriated fund balances is equal to appropriations.

3. All grants received by the City from Federal or State Government Agencies for operating or capital purposes shall be adopted with a separate Grant Project Ordinance, with revenues estimated to be available from the grant including any local match equal to appropriations for the grant project.

4. The City's annual budget shall be adopted by July 1 and shall cover a fiscal year period beginning July 1 and ending June 30.

5. The City shall have its accounts independently audited at the close of each fiscal year by a certified public accountant.

6. The City's two year budget shall be presented in a program budget format with program summaries, performance objectives and performance measures provided for each major program or service.

Reserves

1. The City shall maintain an undesignated fund balance equal to 9% of the following fiscal year's General Fund adopted budget, with any amount in excess of 9% being credited to a capital reserve account until a minimum of \$10 million is accumulated. Once the minimum goal is reached additional funds can be used for "pay-as-you-go" capital expenditures.

2. Before any appropriations can be made from Undesignated Fund Balance of the General Fund, seven "yes" votes from the nine member council shall be required.

3. Appropriations to contingency account in any of the City's operating funds shall be limited to less than 5% of that fund.

4. For all other operating funds, the City shall seek to maintain a minimum fund balance of 8% of working capital.

Revenue Policy

1. Revenue estimates shall be set at realistic and attainable levels and shall be updated and revised as needed.

2. The City will conduct an annual review of specific programs and services which have been identified as potential candidates for user fees. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.

3. The City's Enterprise operations shall set their enterprise fees at a level sufficient to recover the full costs of enterprise operations.

4. The City shall maintain an investment portfolio in which 100% of all idle funds are invested daily.

Capital Improvements Projects

1. The City shall annually develop a six year Capital Improvements Program (CIP) to be adopted in conjunction with the Annual Operating Budget.



2. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with state statutes.

3. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program.

4. Capital expenditures included in the CIP as a project will cost at least \$100,000 and have a useful life of at least 10 years. Equipment purchases are considered operating expenses and will not be included in the CIP.

5. City Council will annually set level-of-service standards for the quantity and quality of capital facilities and criteria for the evaluation of capital project requests.

6. The CIP will contain an inventory of existing capital facilities and document any maintenance or replacement plans for these facilities.

7. Capital facilities to be financed with bonded indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios and coordination with the overlapping capital needs of Guilford County.

Debt Management

1. Completion of capital projects funded with bond proceeds shall not exceed the life of the bonds issued to fund that project.

2. Bonds shall only be issued for capital improvement projects having a cost of at least \$100,000 and having a useful life of at least 10 years.

3. Interest income will be credited to the Debt Service Fund. This will allow interest income to offset debt service costs which also tend to vary depending on when bonds are issued and the variable interest rates that are in effect when the bonds are issued.

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